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SUBJECT: RUSSIA SEEKS TO DEFUSE TENSIONS WITH CHINA AFTER
SHIP SINKING INCIDENT, SAYS RUSSIAN DIPLOMAT

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

11. (C) The Russian military's February 15 sinking of the Chinese cargo ship "The New Star" has caused tension between Russia and China but will not have a long-term impact on bilateral relations, a Russian Embassy contact in Beijing told PolOff February 24. Our contact reported that the MFA summoned the Russian Ambassador to express China's "strong dissatisfaction" with the incident. Russia is working to "defuse tensions," blames the Indonesian captain of the ship for the incident, but has not discussed compensation with the Chinese. A contact at a Chinese shipping company said the incident would not have a significant commercial impact on Chinese shipping lines. End Summary.

12. (C) In a meeting with PolOff February 24, Russian EmbOff Sergey Yakimets downplayed the affect of the ship sinking on Russia-China relations, arguing that the incident would have "no long-term impact" on relations in spite of the short-term increase in tensions. He stressed that the seven Chinese sailors "were not killed" but rather died of drowning after jumping into the freezing waters. He blamed the Indonesian captain of the cargo ship for causing the incident by attempting to import "prohibited cargo" and later fleeing from a Russian naval vessel. To "defuse tensions" with China, Russia had expressed regret and was investigating the incident. However, Yakimets said, Russia had not discussed the question of compensation with Chinese officials. For Russia, the incident raised a larger concern about "gray customs clearing," which Yakimets described as the questionable and sometimes illegal practices of Chinese cargo ships and cross-border traders seeking to avoid customs payments.

13. (C) Benjamin Liou, a researcher at the Chinese shipping company COSCO, told EconOff February 23 that the Hong Kong-owned, Sierra Leone-flagged vessel had been carrying poor quality rice from Thailand to Vladivostok, where it was rejected by Russian authorities. He described the sinking as an isolated incident that would not have a significant commercial impact on Chinese shipping lines.
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